

Official Form 26 (12/08)

United States Bankruptcy Court

Eastern District of California

In re Arthur B. FontaineCase No. 14-14241

Debtor

Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF
ENTITIES IN WHICH THE ESTATE OF [NAME OF DEBTOR]
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of 10/15/14 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of [Name of Debtor] holds a substantial or controlling interest in the following entities:

Name of Entity	Interest of the Estate	Tab #
Arthur B. Fontaine, MD Inc.	Debtor: sole shareholder	1
Southpoint LLC	Debtor: 50% member	2

This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.


**THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR IN
POSSESSION.**

The undersigned, having reviewed the above listing of entities in which the estate of [Debtor] holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

Official Form 26 (12/08) – Cont.

2

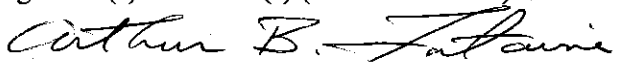
Date: 10/14/14


Signature of Authorized Individual

D. MAX GARDIER
Name of Authorized Individual

ATTORNEY FOR DEBTOR
Title of Authorized Individual

[If the Debtor is an individual or in a joint case]

Signature(s) of Debtor(s) (Individual/Joint)

Signature of Debtor

Signature of Joint Debtor

TAB 1

Arthur B. Fontaine, M.D., Inc.
Balance Sheet
 As of December 31, 2013

9:47 AM
 10/15/14
 Accrual Basis

	Dec 31, 13
ASSETS	
Current Assets	
Checking/Savings	
1035 · Bank of America Checking	27,523.72
1038 · Wells Fargo Checking #1791	881.24
1037 · Wells Fargo Checking #9070	-111.57
1039 · WFB Savings #8088	800.05
Total Checking/Savings	29,093.44
Other Current Assets	
1360 · N/R - Chenda Fontaine	111,059.63
1350 · N/R - Shareholder	808,539.20
Total Other Current Assets	919,598.83
Total Current Assets	948,692.27
Fixed Assets	
1500 · Autos & Trucks	21,650.35
1501 · A/D - Autos & Trucks	-11,160.00
1520 · Furniture and Equipment	80,666.06
1521 · A/D-Furn. & Equip.	-80,666.06
1530 · Office Equipment	5,333.30
1531 · A/D - Office Equipment	-5,333.30
Total Fixed Assets	10,490.35
TOTAL ASSETS	959,182.62
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2200 · Payroll Tax Liabilities	12,584.48
2310 · N/P - Shareholder	364,919.69
Total Other Current Liabilities	377,504.17
Total Current Liabilities	377,504.17
Long Term Liabilities	
2345 · N/P - Fiat	19,510.72
2350 · Wells Fargo Loan (formerly LOC)	229,666.74
2420 · N/P - Dr. Cheyney	56,240.40
Total Long Term Liabilities	305,417.86
Total Liabilities	682,922.03

Arthur B. Fontaine, M.D., Inc.
Balance Sheet
 As of December 31, 2013

	Dec 31, 13
Equity	
3010 - Common Stock	1,000.00
3100 - Retained Earnings	382,192.45
3200 - Shareholder Distributions	-473,869.40
Net Income	366,937.54
Total Equity	276,260.59
TOTAL LIABILITIES & EQUITY	959,182.62

9:47 AM
 10/15/14
 Accrual Basis

Arthur B. Fontaine, M.D., Inc.

Profit & Loss

January through December 2013

9:48 AM
10/15/14
Accrual Basis

	Jan - Dec 13
Ordinary Income/Expense	
Income	
4000 • Revenue	950,841.22
4100 • Refunds	-10.00
Total Income	950,831.22
Expense	
6110 • Automobile Expense	10,904.89
6120 • Bank Fees & Charges	7,876.55
6142 • Co-op Rental	8,625.00
6146 • Continuing Education	2,826.89
6130 • Credit Card Fees	1,242.15
6150 • Depreciation Expense	14,272.35
6155 • Employee Benefits	251.18
6160 • Dues & Subscriptions	0.00
6180 • Insurance Expense	3,982.33
6185 • Insurance - Malpractice	19,962.00
6200 • Interest Expense	34,884.83
6210 • Internet	772.84
6250 • Laundry & Uniforms	951.20
6220 • Legal & Accounting	14,141.25
6230 • Licenses & Permits	1,061.75
6360 • Meals and Entertainment	8,365.03
6234 • Medical Billing	102,199.26
6235 • Medical Supplies	1,975.93
6300 • Office Expense	1,561.67
6001 • Officers Salaries	249,999.99
6295 • Outside Services	926.00
6490 • Payroll Taxes	18,400.32
6304 • Pension Administration	6,325.00
6310 • Postage & Delivery	240.48
6318 • Professional Services	57,326.08
6320 • Promotion	541.13
6340 • Telephone Expense	4,866.18
6350 • Travel & Lodging	2,912.85
6720 • Repairs and Maintenance	454.17
6000 • Salaries	83,596.02
6850 • Taxes - Other	25.00
6840 • State Taxes	9,952.00
6860 • Utilities	2,471.41
Total Expense	673,893.73
Net Ordinary Income	276,937.49

Arthur B. Fontaine, M.D., Inc.

Profit & Loss

January through December 2013

	Jan - Dec 13
Other Income/Expense	
Other Income	
7900 - Gain (Loss) on Sale of Asset	90,000.00
7200 - Interest Income	0.05
Total Other Income	90,000.05
Net Other Income	90,000.05
Net Income	366,937.54

9:48 AM

10/15/14

Accrual Basis

ARTHUR B. FONTAINE, MD, INC.
STATEMENT OF REVENUES, EXPENSES,
AND RETAINED EARNINGS - INCOME TAX BASIS
FOR THE PERIODS ENDED:

	<u>30-Jun-14</u>	<u>31-Dec-13</u>
Revenue	\$ 250,771	\$ 950,831
General and Administrative Expenses		
Auto Exp	2,721	10,905
Bank Charges	1,957	7,877
Co-op Rental	10,374	8,625
Continuing Education	-	2,827
Credit Card Fees	138	1,242
Depreciation	1,384	14,272
Dues and Subscriptions	-	251
Insurance	7,343	23,944
Interest	-	34,885
Internet	160	773
Laundry and Uniforms	417	951
Legal and Professional	7,313	14,141
Licenses	81	1,062
Meals and Entertainment	4,237	8,365
Medical Billing	13,765	102,199
Medical Supplies	-	1,976
Office Supplies	870	1,562
Officer's Salary	-	250,000
Outside Services	244	926
Payroll Taxes	288	18,400
Pension Administration	-	6,325
Postage	5	240
Professional Services	675	57,326
Promotion - Non-Meal	40	541
Telephone	2,165	4,866
Travel and Lodging	1,785	2,913
Repairs and Maintenance	105	454
Salaries	-	83,596
Taxes - Other	-	25
Utilities	809	2,471
Total General and Administrative Expenses	<u>56,876</u>	<u>663,940</u>
Income from Operations	193,895	286,891
Other Income (Expense)		
Gain on Sale of Assets	-	90,000
Total Other Income (Expense)	<u>-</u>	<u>90,000</u>
Income Before Taxes	193,895	376,891
California Franchise Tax	<u>6,145</u>	<u>9,952</u>
	6,145	9,952
Net Income	187,750	366,939
Retained Earnings, Beginning	<u>275,262</u>	<u>382,192</u>
Shareholder Distributions	<u>(182,490)</u>	<u>(473,869)</u>
Retained Earnings, Ending	<u>\$ 280,522</u>	<u>\$ 275,262</u>

For Internal Use Only

**ARTHUR B. FONTAINE, MD, INC.
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY - INCOME TAX BASIS
FOR THE PERIODS ENDED:**

	Assets	
	30-Jun-14	31-Dec-13
Current Assets		
Cash and Cash Equivalents	\$ 16,387	\$ 29,093
N/R - Shareholder	443,620	443,620
N/R - Chenda Fontaine	111,060	111,060
Total Current Assets	571,067	583,773
Property, Plant, and Equipment		
Furniture and Equipment	80,666	80,666
Mobile Equipment	21,650	21,650
Office Equipment	7,849	5,333
Total Property, Plant, and Equipment	110,165	107,649
Less: Accumulated Depreciation	(98,543)	(97,159)
Property, Plant, and Equipment, Net	11,622	10,490
Total Assets	\$ 582,689	\$ 594,263
Liabilities and Shareholders' Equity		
Current Liabilities		
Payroll Tax Liabilities	\$ -	\$ 12,583
Total Current Liabilities	-	12,583
Long-Term Liabilities		
Notes Payable	301,167	305,418
Total Long-Term Liabilities	301,167	305,418
Total Liabilities	301,167	318,001
Shareholders' Equity		
Common Stock	1,000	1,000
Retained Earnings	280,522	275,262
Total Shareholders' Equity	281,522	276,262
Total Liabilities and Shareholders' Equity	\$ 582,689	\$ 594,263

For Internal Use Only

TAB 2

Official Form 26 (12/08) -- Cont.

3

Exhibit A Southpoint, LLC
Valuation Estimate for [Name of Entity]

[Provide a statement of the entity's value and the value of the estate's interest in the entity, including a description of the basis for the valuation, the date of the valuation and the valuation method used. This valuation must be no more than two years old. Indicate the source of this information.]

Southpointe, LLC is a Nevada limited liability company whose members are Arthur and Chenda Fontaine. Each hold a 50% interest. No business is conducted. The sole asset is the personal residence located at 37 Southpoint Place, Glenbrook, NV. Estimated FMV of the residence is at least \$2.5 million. Encumbrances of record are \$2.395 million. Source: Debtor's Schedules and Statement of Affairs.

Official Form 26 (12/08) – Cont.

4

Exhibit B Southpoint, LLC
Financial Statements for [Insert Name of Entity]

Not applicable

Official Form 26 (12/08) – Cont.

5

Exhibit B-1 Southpoint, LLC
Balance Sheet for [Name of Entity]
As of [date]

[Provide a balance sheet dated as of the end of the most recent six-month period of the current fiscal year and as of the end of the preceding fiscal year. Indicate the source of this information.]

Not applicable

Official Form 26 (12/08) – Cont.

6

Exhibit B-2 Southpoint, LLC
Statement of Income (Loss) for [Name of Entity]
Period ending [date]

[Provide a statement of income (loss) for the following periods:

- (i) For the initial report:
 - a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
 - b. the prior fiscal year.
- (ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.]

Not applicable

Official Form 26 (12/08) – Cont.

7

Exhibit B-3 Southpoint, LLC

Statement of Cash Flows for [Name of Entity]

For the period ending [date]

[Provide a statement of changes in cash flows for the following periods:

- (i) For the initial report:
 - a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
 - b. the prior fiscal year.
- (ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.]

Not applicable

Official Form 26 (12/08) – Cont.

8

Exhibit B-4 Southpoint, LLC
Statement of Changes in Shareholders'/Partners' Equity (Deficit) for [Name of Entity]
period ending [date]

[Provide a statement of changes in shareholders'/partners equity (deficit) for the following periods:

- (i) For the initial report:
 - a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
 - b. the prior fiscal year.
- (ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.]

Not applicable

Official Form 26 (12/08) – Cont.

9

Exhibit C Southpoint, LLC
Description of Operations for [name of entity]

[Describe the nature and extent of the estate's interest in the entity.

Describe the business conducted and intended to be conducted by the entity, focusing on the entity's dominant business segment(s). Indicate the source of this information.]

Not applicable